OVERVIEW OF THE PUBLIC-PRIVATE INITIATIVES PROGRAM

Report to the Legislative Oversight Committee

Washington State Department of Transportation
Transportation Economic Partnerships Office
July 2002
(Revised August 2002)

INTRODUCTION

The report was prepared at the request of the Legislative Oversight Committee on Transportation Infrastructure Financing Alternatives (TIFA). It is a compilation of:

- A chronicle of significant events in implementing the Public Private Initiatives in Transportation Act (RCW 47.46);
- A summary of the law, including legislative amendments in 1995, 1996 and 2002; and
- A brief description of each project proposed under the program in 1994.

Further Information about this program may be obtained by contacting:

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PUBLIC-PRIVATE INITIATIVES PROGRAM
CHRONOLOGY OF SIGNIFICANT PROGRAM EVENTS

1991 The State Transportation Commission recommends to the 1992 Legislature that Washington State should formalize and expand its leadership role in promoting public-private partnerships at every government level.

1992 The State Transportation Commission recommends to the 1993 Legislature that WSDOT be authorized a program to allow it to pursue public-private initiatives for transportation capital improvements.

1993 HB 1006 is introduced by Representative Ruth Fisher and 22 other legislators from the four caucuses of the House of Representatives and the Senate. The Legislature unanimously approves the bill and Governor Lowry signs into law the Public-Private Initiatives (PPI) Transportation Act (RCW 47.46). WSDOT mobilized legal, financial and expert resources to implement the new law. An office was created within the Department and charged with its successful implementation. An external Advisory Committee was created to guide the development of the request for proposal process and to develop short and long term evaluation measures. A "WSDOT 1006 Team" of engineering, legal and financial experts was assembled to create the procurement process.

1994 HB 2909 is introduced by Representative Ruth Fisher and the Legislature unanimously approves the creation of a revolving fund to provide state grants and loans for PPI projects. They also authorize $25 million of general obligation bonds to provide state financial participation for potential PPI projects. WSDOT issues a worldwide request for proposals to private companies to submit conceptual project proposals. The Request for Proposals (RFP) outlines the state requirements for the project proponents, including a payment of a $35,000 fee for each proposal. Fourteen conceptual project proposals from private companies were submitted representing over $6 billion in transportation infrastructure improvements. (See proposal descriptions.) The Project Review Board, whose members were the Deputy State Treasurer, the Director of Department of Revenue and the WSDOT Deputy Secretary for Operations selected six projects. The six selected proposals were approved by the State Transportation Commission to proceed with agreement negotiations. The six projects were: 1) SR 18 Corridor between I-5 and I-90; 2) SR 520 including the Evergreen Point Bridge; 3) Puget Sound Congestion Pricing Project; 4) SR 522 from Woodinville to Monroe; 5) King County Park and Ride Capacity Improvements; and 6) SR 16/Tacoma Narrows. A seventh project proposed by the Seattle Transportation Group involving the Alaskan Way Viaduct was given a placeholder status.

Negotiations of public-private agreements began on all six projects. The SR 18 Corridor project was dropped from further consideration by WSDOT due to a lack of public involvement by the private company and little or no public support in the affected project area.

1995 Numerous bills are introduced by members of the Legislature following the identification of projects to be developed under the PPI Act. 3ESHB 1317, sponsored by Representative Eric Robertson was enacted on the last day of the 3rd special session and signed into law by Governor Lowry. This bill requires that prior to executing a PPI agreement, WSDOT must conduct a public advisory election if there is opposition to a project, evidenced by the submission of petitions bearing 5,000 signatures. The amendments set forth the process to carry out an advisory election including the creation of a boundary and a Local Involvement Committee. A new process to replace any projects under the program is created. One project, the Puget Sound Congestion Pricing Program is prohibited from further implementation until there is legislative approval.

Project agreement negotiations were suspended while the Legislature debated the 1995 amendments. Following Governor Lowry's signature on 3ESHB 1317, WSDOT received qualifying citizen petitions on three of the proposed projects: SR 520 Evergreen Point Bridge; SR 16/Tacoma Narrows; and SR 522. An administrative rule was created to implement the advisory election requirements for these projects. WSDOT withdrew its application for federal congestion pricing funds in response to the new legislation.

The sixth project, King County Park and Ride Capacity Improvements did not have demonstrated public opposition and the Department proceeded with executing agreements with the private developer, the Perini Corporation and King County, to conduct the Phase I feasibility studies. The Legislature provided $2 million as the state's contribution to paying for the studies.

1996 An ESSB 6753 amends the PPI Act and requires that before WSDOT conducts an advisory election on a PPI project, the Legislature must authorize funding for environmental and engineering studies, public involvement activities and to pay for the regional advisory election. The Legislature appropriates approximately $11 million for only the Tacoma Narrows Bridge Project. The Legislature further modified the program to require that the projects subject to advisory elections must have legislative appropriations to conduct public involvement, engineering, and environmental work under the State Environmental Policy Act (SEPA) and the National Environmental Policy Act (NEPA), if applicable; to define the preferred alternative project before an advisory election could be held. The Department was also authorized to contract with the project developer to conduct the required studies leading to the selection of the preferred alternative.

Since no funding for the required studies was appropriated for the SR 520 and SR 522 projects, the election boundary studies were discontinued on these projects and the project developers terminated their project proposals.

1997 The feasibility study for the WSDOT/Perini/King County Park and Ride project recommended capacity and security improvements to eight high capacity park and ride lots, located in the I-5, I-90, and I-405 corridors. The estimated cost of construction was $82 million for all of the lots and the financing plan involved tax-exempt debt financing with debt service paid by annual appropriations of King County and operation costs paid by the imposition of a 50 cent parking charge at the improved lots. The King County Executive and Council did not

approve advancing the project to the second stage of financing, design and construction due to concerns about imposing a parking fee and concerns about debt financing for the capital improvements. Having completed the Stage 1 feasibility work, the project was terminated by WSDOT and Perini Corporation.

United Infrastructure Washington is contracted by WSDOT to conduct a Major Investment Study for the SR16/Tacoma Narrows Bridge corridor. Twenty-two multi modal alternatives were analyzed and four alternatives were advanced for further analysis in the Draft Environmental Impact Statement. The first financial feasibility tests were conducted on various alternatives to indicate a range of required toll levels.

An initial voter boundary was proposed in the affected project area and hearings were held in the seven county area. A 55 member Local Involvement Committee, created by the 1995 legislative amendments, was convened and unanimously approved the voting boundary.

1998 The Legislature enacts SHB 3015 amending the PPI Act to provide sales tax deferrals and limited tax exemptions for the Tacoma Narrows Bridge project. At the time, the effect of this action amounted to over $74 million in tax relief for future toll payers. WSDOT announces the preferred alternative to reduce congestion and improve safety is to construct a new suspension bridge parallel to the existing Tacoma Narrows Bridge and to add a HOV lane in each direction on the SR 16 corridor. A maximum initial roundtrip toll is set at $3.00. Fifty million dollars in state funds are authorized to support design and construction of roadway improvements leading to the bridges, a new interchange on the Gig Harbor side of the bridge and seismic retrofit of the existing Tacoma Narrows Bridge. A project description and ballot title is prepared for the November general election. The project receives 53 percent public support for going forward with the public-private projects. The Secretary of Transportation announces his decision to proceed with the project and agreement negotiations commence again between the private company, United Infrastructure Washington (UIW) and WSDOT.

1999 The Legislature authorizes $50 million state funding as a state funding contribution to the Tacoma Narrows Bridge Project. WSDOT and UIW execute the "Agreement to Finance, Develop and Operate the Tacoma Narrows Bridge" project. UIW assumes responsibilities for project development, permitting, public involvement and financing. Negotiations begin on the Design-Build Agreement, Management Services Agreements, Operations Agreements and other key contracts necessary to implement the project.

2000 USDOT approves the project eligible for federal loans and credit assistance. Governor Locke approves the issuance of $800 million in privately issued tax-exempt debt for the project. The Tacoma Narrows Bridge Nonprofit Corporation is formed with citizens from the affected project area. The TNBNC is responsible for setting the tolls at sufficient levels to cover debt service and other project costs. Project financing plans are finalized for end of the year financial closing. The State Supreme Court rules that state laws conflict on the issue of imposing tolls on the existing Tacoma Narrows Bridge.

2001 A Record of Decision is issued by Federal Highway Administration following completion of the Final Environmental Impact Statement. Twenty-two state, federal and local permits are obtained. Right-of-Way is purchased. Initial Design is complete and the parties agree to a fixed-price for construction. The final financing documents are prepared. SB 5130, sponsored by Senator Bob Oke and others, correcting the conflicting state statutes is passed three times by the Senate, but the House refuses to hear the bill before sine die in the second special session. Work on Tacoma Narrows Bridge is put on stand down pending resolution of the Supreme Court decision in the 2002 legislative session.

2002 The state takes over the financing of the Tacoma Narrows Bridge project and the management of construction and operations. UIW is reimbursed $30 million for their costs to develop the project to date and another $10 million upon completion of design-build agreement negotiations. WSDOT and the design builder executed a design-build contract in July. The Legislature provides for a study of barriers to public-private partnerships in the 2002 Transportation Supplemental Budget.

SUMMARY OF PROVISIONS OF RCW 47.46

(As amended in 1995 and 1996 and 2002)

LEGISLATIVE INTENT

- Provide benefits to both the public and private sectors.
- Provide a sound economic investment opportunity for the private sector.
- Provide the state with increased access to project development and financing opportunities.
- Supplement state's transportation revenues, allowing user fees and tolls, thereby allowing the state to use its limited resources for other needed projects.
- Encourage and promote business and employment opportunities for Washington State citizens.
- Implement the program in cooperation, consultation, and with the support of the affected communities and local jurisdictions.
- Test the feasibility of building privately funded transportation systems and facilities through the use of innovative agreements with the private sector.
- Encourage the WSDOT to take advantage of opportunities provided under section 1012 of ISTEA for federal participation in construction or improvement of publicly or privately owned toll roads, bridges, and tunnels.

PROJECT SELECTION AND PROHIBITION ON NEW PROJECTS

- The Secretary of the Department of Transportation is:
  - Permitted and encouraged to test the feasibility of building privately funded transportation projects;
  - Vested with the authority to solicit, evaluate, negotiate and administer public-private agreements;
  - Directed to solicit proposals from private entities to study, plan, design, finance, construct, operate, and maintain any transportation related capital improvements; and
  - Allowed to select up to six projects to be developed under the program.
- Capital improvements are defined to include capital-related improvements and additions to the state's transportation infrastructure, including but not limited to highways, roads, bridges, vehicles, and equipment; marine related facilities, vehicles, and equipment; park and ride lots, transit stations, and equipment; transportation management systems; and other transportation related investments.
- If the public or private sectors terminate project proposals selected prior to September 1, 1994, the Department is prohibited from selecting any new projects, including ones that had been initially considered in the solicitation and those that had a placeholder status after June 16, 1995 until June 30, 1997.

- A program and fiscal audit of the public-private initiatives program is required for the biennium ending June 30, 1997. The Department is required to submit a program and fiscal audit progress report by June 30, 1996, with preliminary and final audit reports due December 1, 1996 and June 30, 1997, respectively.

REPLACEMENT PROJECTS

- The Department must submit a proposed public involvement plan to the 1997 Legislature identifying the process for selecting new potential projects and the associated costs of implementing the plan. The Legislature must adopt the plan before the Department may proceed with any activity related to project identification and selection.
- The public involvement plan for projects selected after June 30, 1997, shall, at a minimum, identify projects that:
  - Have the potential of achieving overall public support among users of the projects, residents of communities in the vicinity of the projects, and residents of communities impacted by the projects;
  - Meet a state transportation need;
  - Provide a significant state benefit; and
  - Provide competition among proposers and maximum cost benefits to users.
- Prospective projects may be identified by the Department or by the private sector.
- Projects that meet the minimum criteria are submitted to the Washington State Transportation Commission for its review. The Commission will then submit a list of eligible projects to the LTC for its consideration. After 45 days of LTC review, WSDOT may solicit proposals for the eligible project.

ADVISORY ELECTION REQUIREMENTS

- Prior to entering into agreements, any project proposal selected before September 1, 1994 or after June 30, 1997 is subject to an advisory vote if there is public opposition to the project as demonstrated by the submission of original petitions bearing at least 5,000 signatures of individuals opposing the project.
  - For projects selected before September 1, 1994, this provision applies to petitions submitted after September 1, 1994, and by 30 calendar days after June 16, 1995.
  - For projects selected after June 30, 1997, this provision applies to petitions submitted within 90 calendar days after project selection.
- Projects with demonstrated public opposition must have an advisory vote on the preferred alternative identified under the requirements of SEPA and, if applicable, NEPA.
- The advisory vote process is subject to the appropriation of funds by the Legislature for environmental impact studies, a public involvement program, local involvement committee activities, traffic and economic impact analyses, engineering and technical studies, and the costs of the advisory election.

- WSDOT may contract with the private developer of a project proposal to conduct the public involvement, engineering, and environmental impact statement for a project that meets the requirements for an advisory election.

ESTABLISHING THE BOUNDARY FOR ADVISORY ELECTION

- The Department must conduct comprehensive traffic and economic studies to define the geographical boundary of the project area that is affected by the imposition of tolls or user fees under a public-private initiatives project. The affected project area shall be established by conducting studies and analyses which, at a minimum:
  - Compare the estimated percentage of residents of communities in the vicinity of the project and in other communities impacted by the project that could be subject to tolls or user fees;
  - Analyze the estimated percentage of other users and transient traffic that could be affected;
  - Analyze the anticipated traffic diversion patterns;
  - Analyze the potential economic impact of tolls or user fees on the price of goods and services; and,
  - Analyze the relationship of the project to state transportation needs and benefits.
- There is a minimum 30-day public comment period on the geographical boundary and consultation with the Local Involvement Committee before WSDOT establishes the final voting boundary.

LOCAL INVOLVEMENT COMMITTEE (LIC)

- After determining an initial affected project area boundary, the Department will establish a Local Involvement Committee to advise the Department on all matters related to the execution of the advisory vote. Committee members serve without reimbursement from the Department.

LIC MEMBERSHIP

- The LIC shall consist of the following members:
  - One elected official from each city and county within the affected project area who are appointed by their respective legislative bodies;
  - Two persons from each county who represent organizations formed to support the project and two persons from each county who represent organizations formed to oppose the project. The county jurisdiction validates these organizations and appoints the members; and;
  - Four public members active in statewide transportation organizations who are appointed by the Governor.
- Vacancies on the LIC shall be filled in the same manner as original appointments. In the event committee makeup results in an even number of members, an additional elected official shall be appointed from the county in which all or the greatest portion of the project is located.

PROJECT DESCRIPTION

- The Department, in consultation with the LIC, will develop a project description for the advisory election. The Department must publish the project proposal description in newspapers of general circulation in the affected project area for seven calendar days. Fourteen days after that, a copy of the map and the project description is forwarded to the county auditor.

ADVISORY ELECTION

- The county auditor verifies the precincts and prepares the text describing the affected project area and the project description for the voters' pamphlet.
- The county auditor will set an election date for the ballot proposition authorizing the imposition of tolls or user fees to implement the proposed project within the affected project area.
- The election must be at the next general election unless the Department requests a special election for a date authorized in statute.
- WSDOT pays for the cost of the election, and the preparation and distribution of the voters' pamphlet.

AGREEMENTS

- The Department may not enter into public-private agreements until after an advisory election unless there is no demonstrated opposition to a project as evidenced by the submission of petitions bearing the names of 5,000 signatures.
- Public-private agreements do not bestow on private entities an immediate right to construct and operate the proposed transportation facility. Rather, the agreements grant to private entities the opportunity to try and design the proposed facilities, demonstrate public support and complete the planning required in order to obtain a future decision by WSDOT and other agencies on whether the project should be built.
- Agreements establish the conditions under which the private developer may secure the necessary governmental approvals; create a framework to attract the private capital; ensure that the facilities will be designed, constructed, and operated in accordance with applicable local, regional, state, and federal laws and standards; and require that the proposed project has the support of the affected communities and local jurisdictions.
- The agreements require that the projects be designed, constructed, and operated in compliance with all applicable rules, regulations and statutes.
- The Department may consult with legal, financial, and other experts within and outside state government in the negotiation of agreements.
- Agreements provide for private ownership during construction phases. Upon completion and final acceptance of each project, the agreement shall provide for state ownership of the project unless the state elects to provide for private ownership during the term of the agreement. The state may lease the facilities for operating purposes for up to 50 years.

STATE ASSISTANCE TO PRIVATE ENTITY

- The agreement may include provisions allowing WSDOT to:
  - Lease facilities, rights of way, and airspace;
  - Exercise its power of eminent domain;
  - Grant development rights and opportunities;
  - Grant easements and rights of access;
  - Issue permits and other authorizations;
  - Protect facilities from competition;
  - Provide remedies in the case of default of either party;
  - Grant contractual and real property rights; and
  - Negotiate acquisition of rights of way in excess of appraised value.

PUBLIC INVOLVEMENT REQUIREMENTS IN AGREEMENTS

- Agreements provide for public involvement in decision making with respect to the project. The state will require the private entity to seek public participation and to conduct a comprehensive public involvement process that provides users and residents an opportunity to comment upon key issues affecting the project.
- Such issues include alternative sizes and scopes, design, environmental assessment, right of way and access plans, traffic impacts, tolling or user fee strategies and ranges, project cost, construction impacts, facility operation, and any other salient project characteristics.
- If an affected project area has not been previously defined, then the private entity must conduct similar toll impact studies to define a geographic boundary as previously described.
- The agreement may require an advisory vote by users of and residents in the affected project area.
- A local involvement committee must be established by the private entity under the agreement, similar to the composition of the LIC for projects subject to an advisory vote. This LIC committee will advise the Department and the private entity on all issues related to the development and implementation of the public involvement process.
- Progress reports must be provided to the Legislative Transportation Committee on the status of the public involvement process.

FINANCING OF THE PUBLIC-PRIVATE PROJECTS

- WSDOT is encouraged to take advantage of new opportunities provided by federal legislation that allow federal funds and programs to encourage private financing of transportation capital improvements.
- WSDOT may use federal, state, or local funds for the projects.
- After construction, the private entity may lease the facility from the state and charge tolls or user fees. The rate of the toll or fee may be set by the private entity as long as the maximum rate of return is not exceeded.

- The state permits the private entity the opportunity to earn a reasonable rate of return on its investment and a cap for profit must be established in the agreement. The maximum rate of return is to be based upon the project's characteristics and risks. The law does not provide for a guarantee of the rate of return to the private entity.
- Financial incentives may be used to reach safety, performance, and transportation demand management goals.
- Private entities are required to use toll or user fee revenues only for payment of the private entity's capital outlay costs for the project, including project development costs, interest expense, and the costs associated with design, construction, operations, toll collection, maintenance, and administration of the project; to reimburse the state for the cost of the advisory election, the costs of project review and oversight, technical and law enforcement services; and to establish a fund to assure the adequacy of maintenance and a reasonable return on their investment.
- A negotiated agreement cannot extend the term of ownership or lease beyond the period of time required for payment of the capital outlay costs.
- Certain tax exemptions and sales tax deferrals are made available to private entities developing improvements to the SR 16 corridor, including the Tacoma Narrows Bridge.

STATE FINANCING FOR PUBLIC-PRIVATE PROJECTS (EHB 2723-House Bill Report)

- The Public-Private Initiatives law, RCW 47.46, is amended to allow greater flexibility for PPI projects to be financed with either public or private funds. In those instances where the Legislature specifically provides state financing, the Secretary of Transportation must incorporate public financing provisions into any agreement to which the state is party. If the other parties to the agreement refuse to utilize state financing as directed by the Legislature, the Secretary of Transportation may not proceed with such agreement.
- The WSDOT is authorized to provide for the establishment and construction of public toll facilities that are selected for development under the PPI law. The Transportation Commission is authorized to act as toll authority to impose tolls for PPI projects that provide for state-financed toll bridges. The commission is granted legislative approval as required under Initiative 601 to increase bridge tolls in excess of the fiscal growth factor, if necessary to meet the financial obligations of the project.
- A special account is created for the Tacoma Narrows PPI project. Toll revenues and bond proceeds must be deposited into this account and used strictly for the Tacoma Narrows PPI project. Tax deferrals that are available to the private partner for this project are made available to the WSDOT if the project is publicly financed.
- The prohibition against tolling the existing Tacoma Narrows Bridge is amended to allow tolling so long as any state-provided financing is utilized.
- A citizen advisory committee is created to review and make recommendations on proposed changes to toll rates for PPI projects. The committee must be comprised of residents of the affected PPI project area.

- A legislative oversight committee is created to monitor the development and implementation of any PPI project. One member from each caucus of the Legislature would be appointed to the oversight committee.
- Clarification is provided that any PPI project that has been subject to an open, competitive selection process is not subject to any additional selection processes.

New Partners
Public Private Initiatives In Transportation

Cross Sound Passenger Ferry Service
Washington Fast Ferries, Inc.

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Washington Fast Ferries Inc. proposes to construct and operate a fleet of six high speed passenger ferries in a manner generally consistent with the Implementation Plan: Passenger Only Ferry Program adopted by the State Transportation Commission. This includes frequency of service, fares and vessel performance characteristics, such as loading configuration, wake generation and speed. The proposal estimates transit times between Seattle and each of the ports to be 30 minutes or less. The vessels will hold 350 passengers and operate at speeds in excess of 30 knots. Service is proposed for four routes commencing at the following times:

Seattle/Bremerton (Two Vessels)	September 1, 1996
Seattle/Vashon (One Vessel)	December 1, 1996
Seattle/Southworth (One Vessel)	April 1, 1997
Seattle Kingston (Two Vessels)	June 1, 1997

Docking and terminal operations would occur at passenger only facilities constructed by Washington State Ferries; ticket sales would be automated.

Proposed Project Financing
Washington Fast Ferries, Inc. proposes to provide six, 350 passenger high speed ferries at an estimated total cost of $24 million. The initial costs of the proposal include debt (100%) for the purchase of the vessels and working capital in the estimated amount of $2 million provided by local investors. The company would then operate the ferries for 35 years. The proposal relies upon WSDOT to provide funds to compensate for the service's annual operating loss during this period with a potential of $7.5 million per year in operating subsidy. If the company exceeds agreed upon traffic projections it would share the additional revenue with the state, thus providing an incentive to perform and a commensurate reduction in state cost. In addition to the operating subsidy the proposal requests a return on its capital investment of 5% per year as profit ($1.3 million). The overall estimated cost of this proposal is approximately $5.6 million less than the costs projected by the Implementation Plan: Passenger Only Ferry Program for a comparable state operation. WFF would provide an annual payment of $150,000 per year for the debt service on docking facilities to be constructed by the state. Fares for the passenger only ferry service would vary depending upon payment method and day of the week. Fares would be subject to approval by the Washington Utilities and Transportation Commission.

Benefits of the Proposal
The establishment of a passenger ferry system serving Seattle and Western Puget Sound communities is consistent with the goals and policies established in the Puget Sound Regional Council's Vision 2020, including the goals to "Strategically Invest in Transportation Facilities to Support the Regional System of Central Places" and "Conserve Environmental Resources". Washington Fast Ferries' proposal received public support from a broad cross section of businesses, citizen groups and public agencies.

About the Proposing Team
Washington Fast Ferries, Inc. is composed of John Halterman, former Assistant Director of the Alaska Marine Highway; Scandinavian Marine Group, which is involved in fast ferry services in New York and the Caribbean; and Viking Express A/S of Norway as well as local investors.

Overall project management will be by Washington Fast Ferries, Inc. Vessel design will be provided by Batservice Holding A/S. Vessel construction will be by J.M. Martinac Shipbuilding of Tacoma. Vessel propulsion systems will be supplied by Servogear A/S. Vessel engines will be manufactured by Caterpillar and supplied by NC Machinery of Seattle. Vessel control systems will be manufactured and supplied by Norcontrol A/S. Vessel interiors will be constructed and supplied by Modellmobler A/S. Rogaland Traffikselskap will prepare training and operations system design, as well as train and monitor operational personnel. Art Anderson Associates of Bremerton will manage vessel construction as well as provide liaison with Washington State Ferries during terminal design and construction. This firm will also design any necessary modifications to any private interim terminal locations. Coordination with WSF and local transit agencies in the development of ticketing systems, schedules, fare policy, community advisory structures and associated issues will be provided by the Matrix Management Group of Seattle.

For more information regarding this proposal, please contact Washington Fast Ferries, Inc., at (206) 323-6300.

I-5 A New Interchange With Associated Improvements In The City Of Dupont Weyerhaeuser Real Estate Company

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Weyerhaeuser Real Estate Company (WRECO) proposes to build a new interchange on Interstate 5 at approximately milepost 118, the primary access to the City of Dupont and Northwest Landing, a master planned community. The new interchange will be located between existing I-5 exits 116 and 119, providing direct access to the main growth that will occur in Dupont. The proposal includes financing, design and construction of a full interchange and extension of connecting arterial roadways. A future park-and-ride lot facility, as well as a transit station for bus or future rail are also contemplated by the proposers.

Proposed Project Financing
The proposal estimates the cost to design, engineer and construct the new interchange and the associated arterial improvements at $24.4 million. WRECO proposes to finance the proposed project with $20.4 million in developer financing and a $4 million contribution from the HB 2909 Transportation Revolving Loan Fund. The state's share of the project will be repaid in four years through incremental tax revenues generated by economic development in the City of Dupont.

Benefits of the Proposal
A new City Center interchange has been a part of the City of DuPont's Comprehensive Land Use Plan since 1985. Over the past decade, Dupont, Fort Lewis, Pierce County, Pierce Transit, WRECO and WSDOT have worked together to solve local and regional transportation issues associated with the anticipated growth in the area. The proposed project will improve congested access to Fort Lewis, Lakewood and Steilacoom.

About the Proposing Team
WRECO is a subsidiary of Weyerhaeuser Company. WRECO is a builder/developer of commercial and residential housing including the Northwest Landing development.

For more information regarding this proposal, please contact the Weyerhaeuser Real Estate Company at (206) 924-2372.

METRO/King County And WSDOT Park-And-Ride Capacity Enhancement Program
Perini • ABAM

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description

Perini Corporation in association with ABAM Engineering proposes to design, develop, finance and construct single level parking decks over existing parking spaces at 23 park-and-ride lots located in King County, adding 7,000 parking spaces to bring the total capacity to 16,013 spaces. Most of the lots are owned by WSDOT and operated by METRO; some of the lots are both owned and operated by METRO. It is proposed that METRO would continue to operate the lots.

Even though there is no direct charge for parking at this time, the proposal indicates that current patron perceptions are that the parking in the existing unattended park and ride facilities is no longer free. The real price of parking is perceived as the security risk, which ranges from theft of radios and personal belongings to theft of the entire car. The proposal provides funds to allow for attendants and other security features. The Perini • ABAM team has had discussions with patrons that indicate establishing certain convenience services such as dry cleaning drop off, latte shops, and newsstands to service the commuter would encourage facility usage and as a result, transit usage. These discussions with users have indicated that patrons will pay a parking fee to utilize a secure parking location that provides the added amenities of security, convenience services, and clean, attractive surroundings.

Proposed Project Financing

Perini • ABAM estimates the total project costs to construct single level parking structures at twenty-three park and ride sites in King County at $68,000,000. Financial assistance of $2 million of preconstruction development costs of the project would come from the HB 2909 Transportation Revolving Loan Fund. Such assistance would be reimbursed with interest, and all project costs would be financed through the sale of $68 million in thirty year tax-exempt lease revenue bonds. Security for the debt would include an annual appropriations lease agreement between the WSDOT and a Public Development Authority or Special Purpose Entity, created specifically for this project to utilize tax exempt financing. This lease would require lease payments to be made over the thirty year project life. Perini • ABAM proposes to offer a revenue shortfall guaranty of up to a maximum of $3 million for the first three years of operations. An initial $2 per day parking fee would be sufficient to cover increased operating costs and offset the WSDOT lease payments. At the end of the project lease period, facility ownership would be transferred to WSDOT or METRO.

Benefits of the Proposal

The proposal indicates a wide range of benefits to WSDOT, METRO and the public. These include the benefit of secure, safe, attractive, high quality, privately financed, low-level parking structures built on existing sites and the increased capacity that the proposal will provide. The private financing would enable METRO and WSDOT to re-allocate monies currently earmarked for park and ride programs. The park and ride lot facilities are an important strategy in reducing single-occupancy vehicle commuter trips between home and the work place. METRO transit services would likely be increased under this proposal, and eventually the facilities could provide a long-term source of revenue to WSDOT, METRO and communities where the facilities are located. Finally, the increased capacity at the existing park and ride lots can be provided much sooner than with existing public funding sources at reduced costs.

About the Proposing Team

Perini Corporation, a publicly-traded general contracting, construction management, and real estate development firm with assets in excess of $475 million, has a 100-year history of construction and development throughout the United States and overseas as well as a proud tradition of dedicated community service. Perini is ranked 29th on the 1994 Engineering News Records list of Top 400 contractors with annual contract awards in excess of $1 billion.

ABAM Engineers has served Northwest clients with design services and project management for nearly 50 years. In 1988, ABAM became associated with Louis Berger International, Inc., one of the largest consulting engineering organizations in the world with more than 1,400 engineers, scientists, and economists, and revenues exceeding $100 million annually.

Riddell, Williams, Bullitt & Walkinshaw is a highly respected Seattle law firm with a major practice in municipal and public finance. They have been involved in a number of public/private financings in Washington State, including public/private financing of parking structures.

C.C. Pace Resources, Inc. is a privately-held management and financial services firm that has specialized in supporting developers and investors in capital projects since 1979. Over this time, Pace has worked closely with developers and project leaders to analyze the financial viability of over fifty different projects in excess of $7.8 billion.

Merrill Lynch & Co. is the largest securities firm in the country. The firm is the #1 underwriter of debt and equity worldwide (has been for the past five years), and was the #1 underwriter of municipal bonds in 1993.

For more information regarding this proposal, please contact the Perini Corporation at (206) 241-2040.

New Lewis And Clark Bridge
Atkinson Construction

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Atkinson Construction Company proposes to construct a new Lewis and Clark Bridge between Longview-Kelso, Washington and Rainier, Oregon to replace the existing 65 year old structure. The new bridge would safely accommodate four lanes of traffic and two six foot wide pedestrian sidewalks. The existing bridge would be demolished once the new bridge is completed. The proposed new bridge would be a toll facility featuring automated toll collection.

Proposed Project Financing
Atkinson estimates the cost of constructing a new four lane bridge adjacent and parallel to the existing bridge, and demolishing the existing bridge is $100 million.

The proposer would finance the bridge through the creation of a nonprofit corporation which would sell 30 year tax-exempt revenue bonds to finance construction. Tolls would be collected on the existing bridge during the design and construction of a new bridge, and the proposer seeks financial contributions from Washington and Oregon equal to the cost of repairing the existing bridge.

Benefits of the Proposal
The existing Lewis and Clark Bridge is functionally and structurally obsolete. It has two traffic lanes, substandard lane widths, no shoulders, no median barrier, and poor sight distances due to its geometry. It operates at ultimate capacity and cannot survive moderate seismic loads. A new structure will accommodate four traffic lanes with 6 foot wide pedestrian sidewalks on each side. The new bridge will enhance economic activity by increasing capacity, thus reducing travel time across the Columbia River. Improved access will also stimulate economic development at the Port of Longview. The project will create job opportunities in an area suffering due to reductions in other industries. The present funds earmarked for rehabilitation of the existing bridge could constitute a significant portion of the bridge replacement costs, thus eliminating public investment in rehabilitating an obsolete facility.

About the Proposing Team
The Atkinson Construction team includes J.P. Morgan Securities, Arvid Grant & Associates, and Stone & Webster Transportation Services, all leaders in the construction and transportation infrastructure fields. Atkinson is a major heavy/civil contractor located in Renton, Washington and has extensive experience in bridge construction projects throughout the world.

For more information regarding this proposal, please contact Atkinson Construction at (206) 255-7551.

New Tacoma Narrows Bridge
Atkinson-Hochtief

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Atkinson-Hochtief proposes to construct a new Tacoma Narrows Bridge approximately 250 feet south and parallel to the existing bridge. The project complements improvements planned by WSDOT to widen a segment of SR 16 east of Jackson Avenue towards I-5. The project will include:

- Additional lanes across the Tacoma Narrows
- Modifications to the existing Jackson Avenue Interchange
- A new interchange in the vicinity of 24th Street to 36th Street
- Additional lanes in each direction of travel for HOV, bicycles and pedestrian traffic along a six mile segment of SR 16 from Jackson Avenue in Tacoma to the Gig Harbor Interchange.

The project is proposed in 2 phases. Phase 1 is the construction of a new bridge that would be identical in geometric arrangement, and have the same form and general dimensions as the existing bridge. However, the new bridge will provide for three lanes of traffic and a sidewalk on each side. In addition, a lower deck will be designed to provide for future rail transit in each direction and a maintenance way on each side.

Phase II of the project is the rehabilitation of the existing bridge. Prior to completion of the new bridge, Atkinson-Hochtief will begin the rehabilitation process. Traffic will be diverted to the new structure during Phase 2. Once both structures are finished, the existing bridge will carry westbound traffic and the new bridge will carry eastbound traffic. Tolls will only be collected in the eastbound direction.

Proposed Project Financing
Atkinson-Hochtief estimates the cost for constructing a new Tacoma Narrows Bridge and making certain improvements to SR 16 at $300 million. Project financing would be accomplished through a $20 million dollar construction loan and 30 year revenue bonds.

The proposal presents four alternative financing schemes to fund the project. In addition, the proposal includes two alternative tolling policies: a "minimum toll policy" in which toll revenues are used to call long term debt and the toll removed from the facility as soon as all debt is repaid, and a "toll maintenance policy" in which tolls are maintained on the facility at the same level through a thirty year period. WSDOT is requested to contribute the $1.4 million environmental/investment analysis currently underway. The proposer also requests WSDOT provide $2 million to complete the EIS.

Benefits of the Proposal
The present Tacoma Narrows Bridge is heavily congested, operates near its capacity, and is a hindrance to existing commerce as well as future economic development in the Tacoma area. Included in this proposal is a program to rehabilitate the existing structure. The new bridge will have significant social and economic benefits including eliminating delays and congestion, reducing commute times, improving service and goods movement through the SR 16 corridor and creating a multitude of job opportunities which will positively influence the local and state economy.

About the Proposing Team
Guy F. Atkinson and Hochtief AG is a joint venture. Atkinson is a major heavy/civil contractor located in Renton, Washington and has extensive experience in bridge construction projects throughout the world. Hochtief AG is a heavy/civil contractor based in Essen, Germany. The Atkinson led team also includes J.P. Morgan Securities, Arvid Grant & Associates, Stone & Webster Transportation Services, COWI consult, and Ben Gerwick, Inc., all leaders in the construction and transportation infrastructure fields. The Atkinson led team brings current suspension bridge experience to this project.

For more information regarding this proposal, please contact Atkinson Construction at (206) 255-7551.

Opportunity 1995 Park And Ride Enhancement
Quadrant Corporation

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Quadrant proposes to increase the number of parking spaces at 19 existing Park and Ride facilities at strategic locations in King, Snohomish, Pierce and Kitsap counties through the construction of multi-level parking garages with supporting commuter retail amenities. Potential locations which have been initially identified include: Northgate Transit, Kenmore, Kent/Des Moines, Kent Transit Center, Lynnwood, South Eastgate, South Bellevue, South Kirkland, South Renton, Kingsgate, Redmond Center, Federal Way Transit Center, Issaquah, Tacoma Dome Multimodal, Mariner, Mountlake Terrace, Bainbridge Ferry, Bremerton Ferry and Southworth Ferry. All locations are subject to further review with local governments, transit agencies and WSDOT.

The proposal seeks to enhance and increase the use of Park and Ride facilities by increasing the number of parking spaces and providing retail service centers. These retail service centers will address the needs of commuters and provide conveniences which reduce short trip errands. The suggested type of retail includes: espresso coffee shop, dry cleaner, groceries, day care, auto service, bank ATMs, etc. Facilities to accommodate pedestrians and bicycle riders may also be featured to attract people who prefer non-motorized local travel.

Proposed Project Financing
A case study provided an example of the project costs and financing. The example, Federal Way, is estimated to cost $10 million to construct. The project costs are generally proposed to be funded through the sale of tax exempt bonds with the title to the new developments held by a non profit organization, which would lease the facility on a long term basis to WSDOT. The lease payment obligations would not impact the State's direct borrowing capacity. Revenues for retail lease operations or parking fees could offset some of the State's lease payments. At the end of the lease period, WSDOT would obtain full title to the facility at no additional costs. Quadrant also offers a guarantee of completion for constructing the facilities which supports the financing.

Benefits of the Proposal
The primary intent of this proposal is to increase the capacity, efficiency and appeal of existing Park and Ride facilities and stimulate increased use of transit and carpooling. In addition, parking structures with retail support services can reduce local traffic volumes and increase safety and security at park and ride locations. The proposed enhancements would provide multimodal facilities for walkers, bikers and future rail transit within the region. The financing structure enables parking to be developed at a competitive rate and provide long-term ownership for the State. These facilities can proceed quickly and address the locations where demand exceeds the current parking available. Increasing capacity at existing lots is also more economical than purchasing and developing new land for parking. Preliminary presentation of this proposal to agencies, citizen groups, and retailers has been met with enthusiastic support.

About the Proposing Team

The developer and proposer of "Opportunity 1995" is the Quadrant Corporation, a wholly owned subsidiary of Weyerhaeuser Real Estate Company. Construction of the facilities will be performed by Fletcher Wright Inc., a subsidiary of Fletcher Construction Company North America. The balance of the team is comprised of CKC for structural engineering, Piper Jaffray for financing, Hewitt Isley for architectural design, Entranco for civil and traffic engineering, First American Title for title insurance, and Pacific Rim Resources for public involvement services.

For more information regarding this proposal, please contact the Quadrant Corporation at (206) 455-2900.

New Partners
Public Private Initiatives In Transportation

Personal Rapid Transit (PRT 2000)
Raytheon Corporation

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
The Raytheon team proposes a Personal Rapid Transit (PRT 2000) System that is composed of 11.1 miles of elevated guideway connecting major activity centers in the SeaTac area. The system would feature 31 stations strategically located within walking distance of major employment centers, park and ride lots, and recreational, cultural, social and business centers integrated into the lobbies of hotels, office buildings and the airport terminal. Over 140 vehicles are proposed to provide service to patrons moving throughout the area. Passengers would access the network on demand and ride to their destinations, non-stop, in private cars carrying up to four individuals each.

Proposed Project Financing
The total cost, including financing and product development costs, of the project is estimated at $253 million. Product development would proceed at Raytheon's risk. The City of SeaTac would contribute $400,000 for preliminary studies and in addition, fund an independent ridership survey. A $5 million subordinated loan from HB 2909 Transportation Revolving Loan Fund is requested for completion of preliminary engineering. The remaining funding will be raised by a combination of 1)revenue bonds to be paid back from system revenues, 2) federal funding and 3) local participation from benefiting private partners in the region and the City of SeaTac. Raytheon has offered to purchase a substantial amount of the revenue bonds and the debt issue will be further secured by a combination of private ridership contracts and a WSDOT ridership guarantee.

Benefits of the Proposal
The PRT 2000 system will enhance the region's intermodal transportation system by integrating rail, the METRO system, Park and Ride lots and the SeaTac Airport. The PRT 2000 will improve personal mobility, and improve air quality. In addition, it will relieve congestion on SR 99 by providing an alternative transportation system for airport passengers. The network's modular nature allows it to be expanded to complement the future growth and development of this service area. A future connection to commuter rail is planned. The system is convenient and easy to use and accessible to the disabled.

About the Proposing Team
Raytheon is a leader in engineering, design, and infrastructure projects including construction, operation and maintenance support. They have assembled a team of experts to deploy the PRT 2000 System that include CS First Boston, TRA, Taxi 2000 and Sky Hiways, Inc. Raytheon is currently developing the PRT 2000 system with a combination of its own funding and support from the Regional Transit Authority of Illinois which has contracted with Raytheon for a demonstration of the PRT 2000 technology proposed in the New Partners Program.

For more information regarding this proposal, please contact the Raytheon Corporation at (508) 440-2293.

New Partners
Public Private Initiatives In Transportation

Puget Sound Congestion Pricing
United Infrastructure Washington, Inc.

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description

United Infrastructure proposes a phased approach to introducing the concept of congestion pricing in the urban growth areas of Puget Sound. Economists and environmentalists have long felt we could reduce congestion, improve air quality, make better use of our existing infrastructure and fund needed transportation improvements if drivers were charged peak period fees for use of overcrowded roads. At the right fee level, congestion pricing will encourage enough drivers to shift their trips to other modes or times of day. The result: a highway system which operates at 45 mph or faster speeds, even during rush hour.

Variable fees are widely used to optimize capacity in telephone services, airlines, hotels, parking garages and other capital intensive activities with widely varying demands. A recent technical advance called "automatic vehicle identification" or "AVI" makes it practical for the first time to apply this concept to our overloaded freeway system. AVI allows motorists to pay at highway speeds, eliminating the congestion and delays of traditional toll booths.

Participating vehicles will be equipped with small battery-powered radio transponders placed inside their windshields. Using traffic speed and volume data from sensors installed throughout the highway network, United Infrastructure's electronic toll and traffic management (ETTM) system will determine the fees needed to maintain optimum speeds on each roadway segment. Variable message signs (and eventually, on-board displays) will advise motorists of toll rates on each segment. Roadside antennae will read the AVI tags and transmit account numbers and tolls to a computer, where motorists' accounts will be debited the appropriate amounts.

United Infrastructure recognizes the potential for controversy posed by congestion pricing. While there are no free roads, most motorists feel they have already paid for their transportation system through gas taxes. But gas taxes do little to moderate peak hour demand or reduce overall vehicle miles traveled. Congestion pricing alone has the potential to bring some balance to the equation. But a major education program will be needed to familiarize motorists with the concept and achieve the consensus needed to overcome the inevitable resistance to this new idea. To help build a regional consensus, United Infrastructure proposes to implement the congestion pricing concept in four phases.

Phase I will start with conversion of existing underutilized HOV lanes to "Fare Lanes." Buses and carpools will continue to ride free while low occupancy vehicles may make use of excess capacity by paying a toll. During Phase II, United Infrastructure will finance, build and operate additional portions of the planned HOV network. The new lanes will operate as Fare Lanes, with free access for buses and carpools with three or more occupants. As Puget Sound motorists become familiar with the benefits of congestion pricing, United Infrastructure will work with WSDOT and local agencies to develop a regional consensus to move to the next phase.

With a regional consensus in place, the congestion pricing program will advance to Phase III, with the gradual conversion of freeway lanes to Fare Lanes, one lane at a time. Each segment of the limited access highway system has its own unique characteristics. The exact timing and configuration of the converted lanes will be determined in consultation with federal, state and local agencies. In Phase IV, the remaining lanes of the limited access system will be converted to Fare Lanes. This will provide significant additional travel time and air quality benefits, as well as the funds needed to finance additional facilities.

Studies in other cities suggest that fees ranging from 15 cents per mile during peak times to 5 cents per mile off-peak would be sufficient to maintain speeds of 45 mph, even during rush hour. (To encourage trucks to drive through the metro area when demand is lowest, the entire system could be free late at night.) Those rates translate into about $1.50 for the typical, 10-mile journey to work. United Infrastructure's preliminary research suggests that most motorists would be willing to pay such tolls if congestion was demonstrably reduced and if excess revenues were reinvested in the region's transportation system.

Proposed Project Financing

United Infrastructure estimates the cost of Phase I at $32.5 million, including financing. United will finance this phase with a combination of debt and equity. Phase II could include construction of more than 200 miles of carpool lanes, operated as Fare Lanes, with estimated currently unfunded costs in excess of $900 million. These new facilities would be financed segment by segment, using a variety of debt and equity structures tailored to each segment's unique traffic and revenue projections.

The costs of implementing Phases III and IV will be determined based on the timetable for conversion of existing lanes to Fare Lanes.

Benefits of the Proposal

The Puget Sound Congestion Pricing Program would restore the area's freeways to free flow, allowing cars, trucks and buses to travel at average speeds of 45 mph or more, even during rush hours. It would reduce air pollution, manage demand for use of the freeway system and provides needed funds for other transportation improvements.

About the Proposing Team

United Infrastructure is a permanent joint venture of Bechtel and Kiewit formed in response to the increasing demand for private participation in the financing of transportation and environmental infrastructure projects. In 1993, a United Infrastructure affiliate arranged financing and started construction of the SR 91 Express Lanes, America's first private toll road in over 50 years. The $126 million project adds four lanes of capacity along a 10 mile section of the Riverside Freeway in Orange County, California. Financed under California legislation which served as one of the models for the State of Washington's SHB 1006 program. SR 91 is the nation's first congestion priced road and the world's first fully automated toll road.

United Infrastructure has assembled a world-class team of the premier firms in their fields of expertise, bringing the technical know-how and experience needed to complement its business and financial strengths. Other members of the United Infrastructure team include Kiewit/Bechtel EPC Joint Venture; HNTB Corporation; DeLeuw, Cather and Co.; Lehman Brothers; MFS Network Technologies; Wilbur Smith Associates; Apogee Research; Evergreen Policy Group; ECO Northwest; Shapiro and Associates; Preston Gates and Ellis; O'Neill & Company; Anne Symonds and Associates; Streeter/Dermanis & Associates; Lynn William Horn; Lin and Associates and Meredith, Inc.

For more information regarding this proposal, please contact United Infrastructure Washington at (206) 450-7000.

Seattle Transportation Project
Seattle Transportation Group

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
The Seattle Transportation Group (STG) proposes an alternative transportation corridor to Interstate 5 from Spokane Street to Mercer Street. Recognizing the extreme complexity of design, permitting and construction of an undertaking of this scope, the project is divided into four phases with an eight year overall project construction period.

Phase 1 includes reconstruction of the Mercer corridor and Mercer/Aurora interchange. Deep bore tunnels from Aurora to Royal Brougham Way would be built during Phase 2, which will allow the rerouting of the Alaskan Way viaduct traffic and subsequent demolition of that structure. Phase 3 construction activities would be focused at the south end of the project alignment and will involve the building of the Royal Brougham interchange, the depressed roadway between Royal Brougham and Lander Street and the new ramp construction at the west end of the Spokane Street Viaduct. The final Phase 4 of construction will include building of the Alaskan Way Waterfront Tunnel and the connection of that tunnel to the existing Battery Street tunnel. The most current AVI technology will be used for the project to ensure a fast and efficient flow of traffic through the toll plaza areas.

Proposed Project Financing
STG estimates the total cost of completing the four phases of the Seattle Transportation Project at approximately $1.4 billion in 1994 dollars. The proposal indicates that WSDOT would provide a $5 million match to the proposer's $5 million to complete the scoping of the project. The $5 million is proposed to come from the HB 2909 Transportation Revolving Loan Fund. Other proposed public funding includes $250 million of Federal Toll Road Loans, $200 million in state maintenance and rehabilitation funds and $250 million in benefit capture. A $675 million federal grant is also anticipated. The proposer's financial obligation includes $5 million for project development and $132 million in stock-holder equity. $100 million would be raised from early toll revenues on the Alaska Way Viaduct and an additional $200 million would be raised from the sale of senior and junior lien taxable corporate debt.

Benefits of the Proposal
The significant positive benefits provided by the Seattle Transportation Project include eliminating the need, uncertainty and liability of upgrading the existing Alaskan Way Viaduct to current earthquake standards. The proposal also identifies improved traffic efficiency and safety and improved access to the Seattle Center, Kingdome and ferry terminals. The economic vitality of the Port of Seattle's East Marginal Way Container Facility is improved through an integrated intermodal shipping operation. Seattle area tourism is given a boost through the removal of the existing Alaskan Way viaduct, reducing area noise and vastly improving the area ambiance. The removal of this structure will also provide a new and exciting opportunity for redevelopment of the waterfront area. The general increase in economic activity and creation of new jobs (estimated to be 10,000 jobs) is significant, providing opportunities throughout the state and for MD/WBE businesses. The use of HOV lanes and congestion pricing models will achieve major transportation goals of the state.

About the Proposing Team
A consortium of world renowned developers, engineers, and contractors have been brought together to ensure the successful development and completion of the project. The assembled teams includes Strait Crossing Inc., of Calgary, Canada; GTM International of Paris, France; DMJM Engineers of Los Angles; Sverdrup Civil of Seattle; KCM, Inc. of Seattle; and O'Brien Kreitzberg of Seattle. The experience, resources and expertise of these team members has successfully contributed to the completion of major infrastructure projects throughout the world. Nineteen Seattle area firms have played important roles in developing the STG proposal to date.

For more information regarding this proposal, please contact the Seattle Transportation Group at (206) 443-5300.

SR 18 Improvements
National Transportation Authority Washington

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
National Transportation Authority (NTA) Washington proposes to improve SR 18 by providing a limited access, four lane, toll highway in two phases. Phase I will provide for the design, financing, and construction of approximately 12 miles of SR 18 starting at SE 312th Way and terminating just north of the Issaquah-Hobart Road Interchange. Phase II provides an opportunity for WSDOT and NTA Washington to complete SR 18 improvements from the Issaquah-Hobart Road to I-90. Automatic vehicle identification will be installed to allow drivers to be electronically billed for tolls without stopping.

Proposed Project Financing
The NTA Washington proposal estimates costs for the development and construction of Phase I at approximately $256 million, including approximately $31.6 million of right of way and environmental funding currently programmed by WSDOT. Phase I construction will be financed with an interim construction loan. Toll revenue bonds will be sold for long term permanent financing upon the opening of the toll facility and will include the funding of approximately $40 million in project completion reserves which could be used by WSDOT and NTA Washington for the partial completion of Phase II improvements. WSDOT's Phase I funding will be repaid by NTA Washington from Phase I revenues.

Phase II construction is estimated to cost approximately $220.4 million, including inflation to the construction date and interest during construction, which could be partially financed by WSDOT through the combination of Phase I project completion reserves, WSDOT Phase I funding repayment, and additional revenue bonds.

Benefits of the Proposal
The proposed benefits of improvements to SR 18 by operating the roadway as a toll highway will allow completion of the project several years in advance of current WSDOT scheduling and would provide congestion relief and safety features with the addition of two lanes, a median barrier or divided highway and eliminating at-grade intersections. Mobility would be improved for regional and local traffic, as well as the movement of freight and goods to destinations south of Seattle. Noise walls may also be provided to mitigate freeway noise to nearby residences.

About the Proposing Team
NTA Washington is a consortium led by the National Transportation Authority which is a joint venture of The Perot Group of Dallas, Texas and Greiner Engineering, Inc., an international consulting engineering firm specializing in transportation projects with an office in Seattle, Washington. The National Transportation Authority is involved in other similar public/private partnership programs for transportation improvements throughout the United States, Canada, Europe and Asia.

For more information regarding this proposal, please contact NTA Washington at (206) 454-7379.

SR 520 Corridor Improvement Project
Washington Transportation Partners

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
Washington Transportation Partners (WTP) proposes to improve the existing SR 520 corridor in phases. The first project would connect the existing freeway ramps from SR 520 to the I-5 express lanes, seismically upgrade the elevated SR 520 structures, construct a toll collection facility at the former toll plaza location, provide partial noise mitigation, and remove unused ramps at the Arboretum. During Project 1, WTP will also complete environmental and design studies for Project 2. Project 2 would construct covers with parks over the freeway at select locations, add a bus/carpool lane in each direction, and a bicycle and pedestrian path across Lake Washington. Noise mitigation along sensitive non- lidded sections and improved landscaping would also be done. Automatic Vehicle Identification (AVI) tolling will be available. Project 1 construction is anticipated to begin in January, 1996 and last two years. Project 2 could begin in January, 1998, and last three years.

WTP, Inc. has proposed an extensive public involvement program to assure communities along the corridor have a major role in project planning. Neighborhood steering committees will be established to review project details in a collaborative forum and participate in the decision making process. The second phase of the project will not proceed unless supported by the affected neighborhoods, and the environmental studies are favorable.

Proposed Project Financing
WTP estimates the total environmental, design, engineering and construction cost for the entire SR 520 Corridor Improvement Program to be approximately $440 million. WTP anticipates that costs during phase one will be approximately $67.5 million. During phase one WTP intends to use $12.5 million of equity, $6 million from the HB 2909 Transportation Revolving Loan Fund and $49.0 million from tolls.

WTP anticipates that project development and construction costs during phase two will be approximately $372 million. During phase two WTP intends to use an additional $12.5 million of equity, $119 million from net toll revenue and the remainder to be raised from permanent non-recourse financing.

The financing will consist of issuing approximately $360 million of taxable revenue bonds, the proceeds of which will be used to pay construction costs, repay the HB 2909 Transportation Revolving Loan Fund, capitalized interest during construction, provide a debt service reserve and pay financing fees and other costs. The bonds will be repaid solely from revenues collected from tolls.

Morrison Knudsen will provide a fixed price construction contract with a guaranteed price and a guaranteed completion date.

The proposal includes an alternative financing proposal that would allow the issuance of tax-exempt debt under Internal Revenue Service Ruling 63-20. Under this proposal, a nonprofit corporation would be created which would receive the lease, franchise or license on the facilities. The corporation would contract with WTP to design, construct and operate the facility.

Benefits of the Proposal

The proposed project fills in several "missing links" in the regional HOV system, in the trail system and between communities severed by the original SR 520 construction. Parts of the freeway would be covered with lids and provide new parks, including the interchange of I-5 with SR 520 in front of Seward School, the Roanoke lid between 10th and Delmar, the Montlake lid east of Montlake Boulevard abutting Lake Washington Boulevard and a lid in the vicinity of 76th Ave. in Medina. A new connection will be made between SR 520 and the Express Lanes on I-5 to allow Metro buses direct access to the downtown transit tunnel and eliminate much of the Mercer weave on I-5. Seismic upgrading of all structures in the project areas address a critical safety need. Noise deadening pavement in the Portage Bay vicinity and perhaps low profile noise walls could significantly reduce SR 520's noise impacts on Portage Bay. Removal of the unused and unsightly ramps in the Arboretum, a bicycle/pedestrian lane across the lake, and new lanes for buses and three person carpools will provide essential new mobility for the region. Safety shoulders for the existing lanes across the lake will reduce accidents and gridlock caused by disabled vehicles.

About the Proposing Team

WTP, Inc. is a Washington corporation established specifically for this project. The team consists of Parsons Brinkerhoff Privatization (PB) and Morrison Knudsen Corporation (MK). PB and MK are world leaders in the implementation of major infrastructure projects. Both firms are actively involved in innovative project financing examples include the E-470 Beltway in Colorado, the San Diego Expressway in California, and Prince Edward Island Bridge in Canada. Portions of the planning environmental assessment and design work, and much of the construction, would be subcontracted to local and specialty firms.

For more information regarding this proposal, please contact the Washington Transportation Partners at (206) 382-5280.

SR 522 Corridor Improvements
SR 522 Community Highway Association

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
The SR 522 Community Highway Association proposes to provide a more efficient and safe transportation corridor between Woodinville and Monroe. The proposal identifies three phases of work and provides construction cost estimates and a financial plan for the first phase. Phase I is to design, construct and operate a 10.59 mile, grade separated, four lane, full access controlled urban tollway along SR 522 beginning at the SR 9 interchange and ending at the SR 2 interchange. New interchanges are to be constructed at Paradise Lake Road and Fales Road.

Phase II is to include an additional toll plaza designed to facilitate a congestion pricing pilot program, the modernization of approximately 2 miles of SR 522 between I-405 and SR 9, and the installation of additional Park and Ride lots.

Phase III will evaluate the feasibility of extending these improvements across SR 2, then northeasterly to create a bypass around the City of Monroe.

Proposed Project Financing
Financing for Phase I of the proposed SR 522 corridor improvements would be accomplished through the issuance of tax-exempt debt by the 522 Community Highway Association, a non-profit, community based group expected to qualify for the issuance of debt under the provisions of Internal Revenue Service ruling 63-20.

The estimated construction cost of Phase I, including inflation to the date of construction is approximately $155 million. Interim funding is to be financed through a $4.6 million bank loan arranged by Interwest Management, which would be repaid upon sale of the long term debt. The project would be financed through the sale of tax-exempt senior lien toll revenue bonds, backed solely by the pledge of toll revenues. Additional construction funding would be provided through the imposition of tolls at the time the first segments of the new facility are completed and ready for the traveling public. Toll revenues in excess of tolling costs would then augment bond financing. Some form of credit enhancement (municipal bond insurance, letter of credit, etc.) may be sought in order to strengthen the bond sale. Payment and performance bonds will provide a construction guarantee for the project.

The proposal suggests that the size of the bond issue and the resulting toll to service the debt could be reduced with a contribution (amount not identified) from the HB 2909 Transportation Revolving Loan Fund. In addition, the proposal suggests that $1 million in current WSDOT funding be directed to SR 522 (Phase I). The proposers would also seek federal designation for a Congestion Pricing Pilot Program and seek federal financial assistance.

Cost estimates for Phase II and III are not available at this time. Phase I will proceed independently of the other potential phases.

Benefits of the Proposal
The primary benefit of this proposed project is to improve safety on SR 522. Another benefit would be the reduction of commute times by relieving congestion along the SR 522 corridor. The proposed Phase I would be completed and operational 10-15 years in advance of traditional public funding.

About the Proposing Team
The 522 Community Highway Association was founded in March, 1994 by a group of concerned, civic-minded citizens. The sole purpose of this nonprofit corporation, which is represented by a five member local board, is to provide a safe and efficient alternative for the traveling public.

Lucy DeYoung, Mayor of Woodinville and President of Evergreen Public Finance, is Chairperson of the Association, and Gary Gerhard, retired Assistant Superintendent of Schools for the Monroe School District is Secretary. Dave Demarest, a member of the City of Monroe Planning Commission is Treasurer. Also serving as members are: Jack Lobdell, a retired lawyer and former Judge Pro Tem of the Superior and Northeast District Courts; and Ken Robinson, Editor and Publisher of the Monroe Monitor. All of the board members are residents of the area, and each brings a proven commitment to this community and to this program.

This association has entered into agreements with a team of experienced professional firms who will provide planning, design, management, finance, technology, construction, operation, and maintenance expertise for the 522 Community Highway Association. The team includes: Interwest Management Group, Inc.; INCA Engineers, Inc.; Max J. Kuney Company; Smith Barney Shearson; Jones Day Reavis & Pogue; Foster Pepper & Shefelman; and Amtech Corporation. The subconsultants are Herrera Environmental Consultants, Inc.; Focus Engineering; Macaulay & Associates, Ltd.; Oakrock Landscape Architects; C3 Management Group, Inc.; Shannon & Wilson; Sedgwick James; and Seattle Northwest Securities.

For more information regarding this proposal, please contact the Interwest Management Group, Inc., at (206) 794-5912.

New Partners
Public Private Initiatives In Transportation

Tacoma Narrows
United Infrastructure Washington, Inc.

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
United Infrastructure's Tacoma Narrows proposal would reduce congestion on the bridge and along SR 16. The proposal provides a menu of options that can be tailored, based upon environmental, technical, financial and aesthetic considerations, to meet the needs of the SR 16 corridor. The alternatives that would be pursued depends upon the outcome of a completed environmental analysis. The proposal offers four distinct alternatives for consideration.

Alternatives 1 and 2: New Bridge
This option provides two alternatives for constructing a new bridge and HOV construction from Jackson Avenue on the Tacoma side to 36th Avenue on the Gig Harbor side. Tolls will be collected only in the eastbound direction. Construction of the remaining HOV lanes on SR 16 from I-5 to Gig Harbor could be completed under this proposal if additional funding becomes available.

•Alternative 1: A new suspension bridge, parallel to the existing bridge.

•Alternative 2: A new cable-stayed bridge, parallel to the existing bridge.

Alternative 3: Double-deck Existing Bridge
This option provides two additional HOV/toll lanes on the existing bridge by construction of a new lower deck. United Infrastructure's team, including some of the engineers who built the existing bridge, believes a new deck can be constructed without interfering with existing traffic. This alternative could also involve phased construction of the remaining HOV lanes on SR 16 from I-5 to Gig Harbor.

Alternative 4: Transportation Demand Management
Under this option, a variety of techniques would be used to make better use of the existing bridge. The bridge will be outfitted with a movable barrier for reversible lane operations and will be tolled in both directions to provide funding for HOV (Fare Lane) construction on SR 16 from I-5 to Gig Harbor. The Fare Lane concept enables HOVs to travel free while SOVs have the opportunity to buy excess Fare Lane capacity. This option also includes congestion pricing and enhanced express bus services.

Proposed Project Financing
The proposal provides a project cost estimate for two of the alternatives. The cost of double decking the existing bridge is estimated at $564 million, including financing costs. The Transportation Demand Management option is estimated at $216 million, again including financing costs. WSDOT is currently conducting a $1.4 million environmental/investment analysis in the SR 16 corridor which could be contributed to the project. United Infrastructure Washington, Inc., has proposed to provide $35 million in equity for the TDM option and $105 million in equity if a new bridge is the preferred alternative. This investment then would be recovered through the sale of taxable debt by United Infrastructure and repaid with toll revenues.

Benefits of the Proposal
The Tacoma Narrows Bridge, located on SR 16 in Pierce County, is the primary link between the Seattle-Tacoma metropolitan area and the scenic residential and recreational areas of the Olympic Peninsula. Population growth has resulted in increased congestion on SR 16 and especially on the bridge. During peak periods, the bridge operates at or beyond its design capacity, carrying as many as 6,000 cars per hour. Congestion can last for three to four hours, costing motorists over 500,000 hours of lost time every year.

While there are mixed views about a major capacity increase at this location, United Infrastructure proposed a strategy that relies on the outcome of a comprehensive and flexible strategy to help reach a consensus. The ideal solution will reduce congestion and increase safety on the bridge, SR 16 and adjacent surface streets, improve transit and carpool services, and resolve aesthetic concerns at the Tacoma Narrows.

About the Proposing Team
United Infrastructure is a permanent joint venture of Bechtel and Kiewit, formed in response to the increasing demand for private participation in the financing of transportation and environmental infrastructure projects. In 1993, a United Infrastructure affiliate arranged financing and started construction of the SR 91 Express Lanes, America's first private toll road in over 50 years. The $126 million project adds four lanes of capacity along a 10 mile section of the Riverside Freeway in Orange County, California. Financed under California legislation which served as one of the models for the state of Washington's SHB 1006 program. SR 91 is the nation's first congestion priced road and the world's first fully automated toll road.

United Infrastructure has assembled a world-class team of premier firms in their field of expertise, bringing the technical know-how and experience needed to complement its business and financial strengths. Team members include: a Kiewit/Bechtel EPC Joint Venture with Monberg/Thorsen; Steinman; DeLeuw and Co.; HNTB Corporation; Anne Symonds and Associates; The Tsang Partnerships; Lynn William Horn and Associates; Lin and Associates; Meredith, Inc.; Lehman Brothers; MFS Network Technologies; Wilbur Smith Associates; Apogee Research; Evergreen Policy Group; ECO Northwest; Shapiro and Associates; Shannon and Wilson; Geospectra; Preston Gates and Ellis; and O'Neill and Company. United Infrastructure will provide complete development, financing, design, construction, and operations for Tacoma Narrows using local resources.

For more information regarding this proposal, please contact United Infrastructure Washington, Inc., at (312) 382-7100.

Tacoma Narrows Bridge and SR 16 HOV Lanes
National Transportation Authority Washington

The following information was submitted to the Washington State Department of Transportation in a conceptual project proposal submitted to the Public Private Initiatives in Transportation Program.

Proposal Description
National Transportation Authority (NTA) Washington proposes to provide short-term and long-term improvements involving special "high-occupancy vehicle" (HOV) lanes and variable toll pricing to facilitate the use of HOV's to ease traffic congestion in the Tacoma Narrows Bridge corridor.

The short term improvements proposed by NTA Washington will be implemented as quickly as the necessary environmental impact studies can be completed, estimated by NTA Washington to be 1997. Those improvements will include the implementation of a demand management program with peak/off peak pricing and HOV priority and will involve operating the existing four-lane Tacoma Narrows Bridge during the weekday morning traffic rush period as three lanes eastbound and one lane westbound. In addition, NTA Washington will introduce the use of Automatic Vehicle Identification (AVI) tags for toll collection and future congestion pricing.

In the long term, NTA Washington proposes to construct a new bridge parallel to the existing Tacoma Narrows Bridge and approximately 12 miles of HOV lanes (eastbound and westbound) along SR 16 between Cedar Street at the vicinity of I-5 and the Gig Harbor Interchange. The new bridge would carry one-way traffic eastbound and the existing bridge would carry one-way traffic westbound. Both directions would use two "general use" traffic lanes and one lane in each direction for the exclusive use of HOVs. Park and ride lots will be constructed at three locations along SR 16 west of the Tacoma Narrows to accommodate commuters. HOV's with three or more persons will pay no toll at any time.

Proposed Project Financing
NTA Washington estimates the total cost to complete all of the elements of the proposal at approximately $629 million including inflation to the construction date and interest during construction. The development phase of the project will be financed through a combination of $13.5 million in NTA Washington equity risk capital and the net proceeds from the establishment of a peak period-only toll on the existing bridge, which will also include the AM peak reversible lane and demand management program. Construction costs for the new bridge will then be financed by NTA Washington with a taxable bank loan. Toll bridge revenue bonds will be sold for long-term permanent financing upon completion of the SR 16 corridor improvements.

Benefits of the Proposal

The short term benefits of the NTA Washington proposal to improve the SR 16 corridor will include the immediate relief from morning peak period congestion by establishing a reversible lane across the Bridge with HOV priority and peak/off peak pricing. Ultimately, HOV lanes on SR 16 from Cedar Street to the Gig Harbor Interchange will also relieve congestion and improve access at the Jackson Avenue Interchange and at the proposed "Narrows Interchange". The twelve miles of HOV lanes in both directions will provide free flow conditions for transit and carpoolers. Congestion related accidents could be reduced and emergency vehicles will have better access across the Narrows at all hours of the day. The proposal provides an opportunity to extend rail transit service to the Gig Harbor area.

About the Proposing Team

NTA Washington is a consortium led by the National Transportation Authority which is a joint venture of The Perot Group of Dallas, Texas and Greiner Engineering, Inc., an international consulting engineering firm specializing in transportation projects with an office in Seattle, Washington. The National Transportation Authority is involved in other similar public-private partnership programs for transportation improvements throughout the United States, Canada, Europe and Asia.

For more information regarding this proposal, please contact NTA Washington at (206) 287-3211.